

Message Text

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PAGE 01 STATE 128064

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TO AMEMBASSY BUENOS AIRES IMMEDIATE

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FOLLOWING REPEAT STATE 128064 ACTION BRASILIA BONN IAEA VIENNA

INFO RIO DE JANEIRO JUN 2

QUOTE

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E.O. 11652: N/A

TAGS: PARM, BR, GW

SUBJECT: PRESS GUIDANCE ON BRAZIL-FRG NUCLEAR AGREEMENT

1. ANTICIPATING INQUIRIES AS A RESULT OF SUNDAY WASHINGTON POST STORY ON BRAZIL-FRG NUCLEAR AGREEMENT (SENT WIRELESS FILE ARF-3 OF JUNE 2), FOLLOWING GUIDANCE WAS PREPARED FOR JUNE 2 PRESS BRIEFING: BEGIN QUOTE: QUESTION: CAN YOU COMMENT ON THIS WEEKEND'S PRESS REPORTS THAT THE UNITED STATES IS SERIOUSLY CONCERNED OVER AN IMPENDING ARRANGEMENT FOR BRAZIL TO PURCHASE FROM WEST GERMANY NUCLEAR REACTORS AND FUEL PROCESSING AND URANIUM ENRICHMENT PLANTS? ANSWER: WE ARE AWARE THAT BRAZIL HAS BEEN NEGOTIATING WITH THE FEDERAL REPUBLIC OF GERMANY TO BUY REACTORS TO EXPAND ELECTRICAL GENERATING CAPACITY (ONE REACTOR, PURCHASED UNDER AN AGREEMENT WITH THE UNITED STATES IS LIMITED OFFICIAL USE

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PAGE 02 STATE 128064

ALREADY UNDER CONSTRUCTION). IN ADDITION, BRAZILIAN

OFFICIALS HAVE STATED PUBLICLY THEIR INTENTION TO ATTAIN EVENTUALLY IN BRAZIL A COMPLETE NUCLEAR FUEL CYCLE INDUSTRY. THE EXACT TERMS AND CONDITIONS OF THE ARRANGEMENTS BETWEEN WEST GERMANY AND BRAZIL HAVE NOT YET BEEN MADE PUBLIC. WE ARE, OF COURSE, CONCERNED THAT ALL EXPANSION OF NUCLEAR FACILITIES FOR PEACEFUL PURPOSES BE ACCOMPANIED BY CONTROLS AND SAFEGUARDS DESIGNED TO INHIBIT ANY FUTURE DIVERSION FOR NON-PEACEFUL PURPOSES. THIS IS A LONGSTANDING AND CONTINUING US POLICY, NOT FOCUSED ON ANY ONE COUNTRY; WE HAVE REAFFIRMED OUR COMMITMENT TO NONPROLIFERATION PRINCIPLES AT THE RECENTLY CONCLUDED NPT REVIEW CONFERENCE.

2. QUESTION: BRAZIL IS NOT A SIGNATORY TO THE NPT?

ANSWER: THAT IS CORRECT. WE ENCOURAGE BRAZIL, AND ALL NON PARTIES, TO JOIN THE TREATY. HOWEVER, THE FRG HAS RATIFIED THE TREATY AND, AS IN THE CASE OF THE US AND ALL NPT PARTIES, IS OBLIGATED TO SAFEGUARD ITS NUCLEAR EXPORTS THROUGH THE INTERNATIONAL ATOMIC ENERGY AGENCY.

3. QUESTION: ISN'T THE U.S. PARTICULARLY CONCERNED OVER THE SPREAD OF SENSITIVE NUCLEAR TECHNOLOGY WHICH CAN BE USED TO FASHION BOMBS? ANSWER: THE U.S. IS CONCERNED OVER ENSURING THAT SUCH TECHNOLOGY, INCLUDING URANIUM ENRICHMENT AND CHEMICAL REPROCESSING, IS PROVIDED, AS ECONOMICALLY JUSTIFIED, ONLY UNDER EFFECTIVE SAFEGUARDS AND CONTROLS. WE HAVE MADE THIS VIEW CLEAR IN INTERNATIONAL FORUMS AND IN DISCUSSIONS WITH OTHER SUPPLIERS.

4. QUESTION: HAVE WE EXPRESSED OUR CONCERNS TO BRAZIL?

ANSWER: OUR POLICY ON NONPROLIFERATION IS WELL KNOWN TO THE GOVERNMENT OF BRAZIL; WE HAVE NOT, HOWEVER, MADE ANY SPECIFIC APPROACHES TO THE BRAZILIAN GOVERNMENT ON THE QUESTION OF THE PROSPECTIVE AGREEMENT WITH THE FEDERAL REPUBLIC OF GERMANY.

5. QUESTION: HAVE WE APPROACHED THE WEST GERMANS? (ONLY IS PRESSED). ANSWER: WE HOLD CONTINUING EXCHANGES WITH THE WEST GERMANS AND OTHER NUCLEAR SUPPLIERS ON QUESTIONS RELATED TO OUR SHARED OBLIGATIONS UNDER THE NPT AND OUR COMMON CONCERN FOR INTERNATIONAL SAFEGUARDS. WITHIN THIS LIMITED OFFICIAL USE

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PAGE 03 STATE 128064

CONTEXT THERE HAS BEEN DISCUSSION OF THE BRAZIL-WEST GERMAN NEGOTIATIONS, AMONG OTHER CASES OF MUTUAL INTEREST. END QUOTE.

6. FOLLOWING IS TRANSCRIPT OF RELEVANT PORTION OF NOON

BRIEFING: BEGIN QUOTE: QUESTION: DO YOU HAVE ANY COMMENT ON THE WEST GERMAN'S NUCLEAR DEAL WITH BRAZIL?

ANSWER: WE ARE AWARE THAT THE WEST GERMANS AND THE BRAZILIANS HAVE BEEN NEGOTIATING FOR BRAZIL TO BUY

REACTORS TO EXPAND THEIR ELECTRICAL GENERATING CAPACITY.
AND I THINK BRAZILIAN OFFICIALS HAVE STATE PUBLICLY
THEIR INTENTION TO EVENTUALLY ATTAIN A NUCLEAR FUEL CYCLE
INDUSTRY. OBVIOUSLY WE ARE CONCERNED THAT ALL EXPANSION
OF NUCLEAR FACILITIES FOR PEACEFUL PURPOSE (INTERRUPTION)
- WE HAVE THE INTEREST IN SEEING THAT ALL EXPANSION OF
NUCLEAR FACILITIES FOR PEACEFUL PURPOSES BE ACCOMPANIED
BY CONTROLS AND SAFEGUARDS DESIGNED TO INHIBIT ANY
FUTURE DIVERSION FOR NON-PEACEFUL PURPOSES.

7. QUESTION: ARE YOU SATISFIED THAT THE SAFEGUARDS THE
GERMANS HAVE LAID ON THIS ARRANGEMENT WILL MEET YOUR
DESIRES? ANSWER: WELL, KEN, WEST GERMANY IS A PARTY TO
THE-A SIGNATORY TO THE NUCLEAR NON-PROLIFERATION TREATY.

8. CONSIDERING THAT THE BRAZILIANS MADE THE DEAL-MADE
THE AGREEMENT-WITH THE GERMANS BECAUSE U.S. DID NOT WANT
TO TRANSFER TECHNOLOGY ON ENRICHMENT OF URANIUM, DO YOU
SEE ANY POSSIBILITY FOR THE U.S. COMPANIES AS WESTING-
HOUSE AND GENERAL ELECTRIC THAT WERE VERY MUCH INTERESTED
IN A DEAL OF MANY BILLION OF DOLLARS, DO YOU SEE ANY
POSSIBILITY OF U.S. AGENCIES CHANGING THEIR POLICY ON
ENRICHMENT OF URANIUM, SPECIFICALLY IN THE CASE OF BRAZIL?
ANSWER: WELL, I DON'T HAVE ANY SPECIFIC INFORMATION. ON
BACKGROUND, I WOULD SAY I WOULDN'T FORESEE ANY SUCH
POSSIBILITY. D QUOTE. INTERSOLL UNQUOTE INGERSOLL

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